

Message Text

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TAGS: GW, MPOL, OVIP

SUBJECT: DEFENSE MINISTRY REVIEW OF ITS 1976 DRAFT
BUDGET

DEFENSE FOR ASSISTANT SECRETARY BENNETT

1. DURING ASSISTANT SECRETARY BENNETT'S VISIT TO
BONN, ADMIRAL TREBESCH HANDED HIM COPIES OF AN IN-
HOUSE PAPER CONCERNING THE FRG'S 1976 DEFENSE BUDGET.
THE PAPER WAS PREPARED BY THE FEDERAL MINISTRY OF
DEFENSE (FMOD) FOR DEFENSE MINISTER LEBER AND HIS
STATE SECRETARIES. THE TRANSLATION WHICH
EMBASSY BONN WAS REQUESTED TO PROVIDE FOLLOWS:

2. BEGIN TEXT

ON SEPTEMBER 10, 1975 THE FEDERAL GOVERNMENT AGREED
ON A DRAFT FEDERAL BUDGET FOR 1976 TOTALING
DM 168 BILLION (A RATE OF INCREASE OF 4.1 PER CENT),
AS WELL AS A FINANCIAL PLAN FOR THE PERIOD THROUGH
1979. THE BUDGET AND THE FINANCIAL PLAN TAKE INTO
CONSIDERATION CURRENT ECONOMIC DEVELOPMENTS CHAR-
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ACTERIZED BY A DEEP RECESSION IN THE WORLD ECONOMY.

THE DEFENSE BUDGET FOR 1976 HAS HAD TO FALL INTO LINE WITH THIS OVERALL ECONOMIC FRAMEWORK. IN ROUND FIGURES IT IS INCREASED BY DM 450 MILLION, OR 1.4 PER CENT, TO A TOTAL OF DM 31.4 BILLION. IN ADDITION IT BENEFITS FROM:

-- SAVINGS IN THE AMOUNT OF DM 380 MILLION AS A RESULT OF A NUMBER OF STRUCTURAL MEASURES IN THE PERSONNEL SECTOR,

-- DM 350 MILLION FOR INFRASTRUCTURE PROJECTS STEMMING FROM THE ECONOMIC STIMULATION PROGRAM 1975 AND 1976,

-- FUNDS TO COVER ALL WAGE AND SALARY INCREASES TO BE GRANTED DURING THE YEARS 1975 AND 1976. THESE WILL BE TRANSFERRED AT A LATER DATE FROM CHAPTER 60 (GENERAL FINANCES) OF THE FEDERAL BUDGET.

SINCE WAGE AND SALARY INCREASES WILL NOT BE A BURDEN ON THE DEFENSE BUDGET, THE TOTAL 1976 BUDGET INCREASE WILL BE AVAILABLE FOR INVESTMENT PURPOSES. IN 1976 THE BUNDESWEHR, THEREFORE, WILL ONCE AGAIN HAVE A HIGH PERCENTAGE OF INVESTMENTS WITHIN ITS OVERALL EXPENDITURES SO THAT THE REQUIRED FUNDS ARE AVAILABLE FOR THE NECESSARY MODERNIZATION OF THE BUNDESWEHR. IN DETAIL THIS MEANS THAT FUNDS WILL BE MADE AVAILABLE FOR AN INCREASE IN RESEARCH, DEVELOPMENT AND TESTING OF ABOUT FIVE PER CENT, AN INCREASE OF ABOUT 11 PER CENT FOR EQUIPPING THE BUNDESWEHR WITH MODERN WEAPONS, AND ABOUT 15 PER CENT FOR INFRASTRUCTURE PROJECTS. IN THE MOST IMPORTANT SECTORS, THE INCREASES WILL BE MARKEDLY GREATER THAN THE RATE OF INFLATION.

THUS THE BUNDESWEHR IN 1976 WILL FULLY MEET ITS OBLIGATIONS TO THE ALLIANCE AND RETAIN ITS GOOD POSITION IN COMPARISON WITH ITS PARTNERS IN THE ALLIANCE.

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THE MEASURES DECIDED UPON TO IMPROVE THE BUDGET STRUCTURE WILL RESULT IN CERTAIN COSTS BEING LOWERED IN THE DEFENSE SECTOR, IN PARTICULAR OPERATIONAL ONES, BY THE REDUCTION OF VARIOUS PAYMENTS TO LONG-TERM AND REGULAR SERVICEMEN.

END TEXT
HILLENBRAND

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